UNITED NATIONS **A**

General Assembly

Distr.
LIMITED

A/C.2/52/L.27/Rev.1
4 December 1997

ORIGINAL: ENGLISH

Fifty-second session
SECOND COMMITTEE
Agenda item 97 (f)

SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: FIRST UNITED NATIONS DECADE FOR THE ERADICATION OF POVERTY

Role of microcredit in the eradication of poverty

Bangladesh, Benin, Brazil, Bolivia, Canada, Cape Verde, Chile, Costa Rica, Côte d'Ivoire, Egypt, El Salvador, Ethiopia, Ghana, Guyana, India, Indonesia, Italy, Japan, Lao People's Democratic Republic, Malaysia, Mali, Malawi, Mauritania, Mongolia, Mozambique, Namibia, Pakistan, Papua New Guinea, Peru, Philippines, Samoa, Senegal, Spain, Sri Lanka, Tunisia, Uganda and United States of America: revised draft resolution

The General Assembly,

Taking note of the report of the Secretary-General on the observance of the International Year for the Eradication of Poverty (1996) and recommendations for the rest of the First United Nations Decade for the Eradication of Poverty (1997-2006),[1]

Recognizing that people living in poverty are innately capable of working their way out of poverty with dignity, and can demonstrate creative potentials to improve their situation when an enabling environment and the right opportunities exist,

Noting that in many countries of the world, microcredit programmes, by providing access to small capitals to people living in poverty, have succeeded in generating productive self-employment,

[1] A/52/573.

Also noting that microcredit programmes have proved to be an effective tool in freeing people from the bondage of poverty, and have led to their increasing participation in the mainstream economic and political process of society,

Bearing in mind that microcredit programmes have especially benefited women and have resulted in the achievement of their empowerment in a world where more women than men live in absolute poverty and that the imbalance continues to grow,

Recognizing that microcredit programmes, in addition to their role in the eradication of poverty, have also been a contributing factor to the social and human development process,

Noting that the qualitative and quantitative development of microcredit institutions and their capacity to reach the marginalized groups requires the provision of an enabling environment, including a policy framework for the financial sector, as well as linkages to the formal financial sector,

Bearing in mind the importance of microfinance instruments such as credit, savings and related business services in providing access to capital for people living in poverty,

Noting that the provision of finance to microcredit institutions should be commensurate with their absorptive capacity and that efforts should be made to strengthen and enhance that capacity,

Also noting the positive references in support of the role of microcredit contained in the final documents of the Twelfth Ministerial Conference of the Non-Aligned Movement (New Delhi, 4-8 April 1997), the Ninth South Asian Association for Regional Cooperation Summit (Male, 12-14 May 1997), the Organization of African Unity Summit (Harare, 2-4 June 1997), the substantive session of 1997 of the Economic and Social Council (Geneva, 30 June-25 July 1997) and the Commonwealth Heads of Government Meeting (Edinburgh, 24-27 October 1997) as well as the Group of Seven statement on economic and financial issues (Denver, Colorado, 21 June 1997),

1. Welcomes the launching of different microcredit initiatives in recent years and acknowledges their important contribution to the eradication of poverty, empowerment of women and social upliftment;

2. Welcomes also the outcome of the Microcredit Summit, held at Washington, D.C., from 2 to 4 February 1997, which through its Declaration and Plan of Action,[2] endorsed a global campaign to reach 100 million of the world's poorest families, especially women of those families, with credit for self-employment and other financial and business services, by the year 2005;

3. Notes with satisfaction that, as called for in Assembly resolution 51/178 of 16 December 1996, many United Nations agencies and the

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[2] A/52/113, annex I.

World Bank actively participated in the Summit and thus contributed to its successful outcome;

4. Takes note of the Declaration and Plan of Action of the Microcredit Summit,[2] the communiqué[3] issued by the Council of Heads of State and Government at the Summit, and messages to the Summit from the Chairman of the Group of 77 and China[4] and the Secretary-General of the United Nations;[5]

5. Recognizes the important contributions being made by the United Nations system and by the Consultative Group to Assist the Poorest, sponsored by the World Bank, to develop and disseminate best practices among all organizations engaged in the provision of financial services on a sustainable basis to people living in poverty;

6. Encourages all involved in poverty eradication programmes to consider incorporating microcredit schemes in their strategies;

7. Also encourages them to adopt policies that support the development of microcredit institutions and their capacities so that credit and related services may be made available to increasing numbers of people living in poverty;

8. Calls upon the international donor community to support the strengthening of existing and emerging microcredit institutions in the developing countries, especially the least developed and the African countries;

9. Also calls upon the relevant organs, organizations and bodies of the United Nations system, in particular its funds and programmes and the regional commissions, as well as relevant international and regional financial institutions and donor agencies involved in the eradication of poverty, to explore including the microcredit approach in their programmes as a tool for the eradication of poverty and further developing, where appropriate, other microfinance instruments;

10. Calls upon all concerned non-governmental organizations, other actors of civil society and the private sector to support and incorporate, as appropriate, microcredit and related services in their programmes for the eradication of poverty;

11. Requests the Secretary-General, in collaboration with relevant organizations of the United Nations system, including funds and programmes and the World Bank, to report to it at its fifty-third session on the role of microcredit in the eradication of poverty in the follow-up report to draft resolution A/C.2/52/L.34;

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[3] Ibid., annex II.

[4] Ibid., annex III.

[5] Ibid., annex IV.

12. Decides to include future discussions of the role of microcredit under the item entitled, "Implementation of the First United Nations Decade for the Eradication of Poverty (1997-2006)."